United Nations Conference on Trade and Development

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Distr.
GENERAL

TD/B/SR.[illegible]
15 May 1981

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD

Twenty-second session, second part

SUMMARY RECORD OF THE [illegible]rd MEETING

held at the Palais des Nations, Geneva,
on Monday, 18 May 1981, at [illegible] p.m.

President: Mr. CARACCIOLO (United Kingdom)

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The meeting was called to order at 4.40 p.m.

OPENING OF THE SECOND PART OF THE TWENTY-SECOND SESSION

1. The PRESIDENT declared open the second part of the twenty-second session of the Board.

MEDIUM-TERM PLAN AND PROGRAMME BUDGET (agenda item 8 (c)) (TD/B/MP/L.6 and Add.1-5; TD/B/L.593)

2. Mr. DIAZ-THOME (Mexico), Chairman of the Working Party on the Medium-Term Plan and the Programme Budget, introducing the report of the Working Party on its third session (TD/B/MP/L.6 and Add.1-5 and TD/B/L.593), said that for its consideration of the UNCTAD section of the proposed United Nations programme budget for 1982-1983, the Working Party had had before it document TD/B/MP/12 and the programme elements prepared by the UNCTAD secretariat. The Working Party had been unable to examine the technical assistance activities of UNCTAD and their financing because the second annual report on the subject would not be ready until its fourth session. It had therefore included the subject of technical assistance in the provisional agenda for its next session.

3. It was his belief that the report of the Working Party, which had examined the budget exhaustively, reflected the questions raised and the views expressed by various delegations, together with the replies and comments made by the UNCTAD secretariat. He asked the President to request the Board to transmit the report of the Working Party to the appropriate authorities.

4. Mr. KOBAYASHI (Japan), speaking on behalf of Group B, said that it noted with satisfaction that the UNCTAD section of the proposed budget appeared to be in conformity with the positions taken by a number of Governments in favour of zero real programme growth. In view of the serious economic situation facing the entire international community, the Group was prepared to co-operate closely with the secretariat in finding ways to use existing resources more efficiently in carrying out programmes and activities identified as particularly important to all member States. It hoped that the comments made at the current session of the Working Party would assist the secretariat in allocating resources to programmes in accordance with the decisions and priorities of member States. It also hoped that it would be possible to strengthen the Working Party's role in programme management through the introduction of programme evaluation.

5. It was to be hoped that the report of the Working Party would be fully taken into account by the Committee for Programme and Co-ordination (CPC), the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee when they considered the UNCTAD section of the budget.

6. The comments made by individual Group B delegations on specific sections of the budget reflected a concern that in a number of programmes and subprogrammes the UNCTAD secretariat seemed to have given an unduly broad interpretation to its mandate for activities on various policy issues. In other areas, delegations had expressed the hope that the secretariat would focus greater resources on particular programmes through redeployment.

7. With regard to the question of economic co-operation among developing countries (ECDC), he repeated that his Group's support for further work on ECDC was conditional upon the participation of all States members of UNCTAD and their association in the

decision-making process. The Group could not agree to procedures that attempted to limit the discussion of, and documentation on, the substantive issues involved to the members of one caucus group, or to make participation by developing countries subject to the definition of that group. In conclusion, he stressed his Group's firm attachment to the principles of sovereign equality and universality on which all UNCTAD activities must be based.

8. Mr. DABIRI (Iran), speaking on behalf of the Group of 77, said that it had noted with considerable regret that the programme budget for 1982-1983 had had to be based on zero real growth. With regard to the argument that zero growth was required because of the need for fiscal restraint at the national level, it was questionable whether any reductions in expenditure on international co-operation would have a significant impact on national budgets, especially those of the developed countries. In any event, proposals to reduce expenditure on international co-operation were being associated not with over-all cuts in expenditure but with increases in expenditure on areas that did not themselves contribute to international co-operation. It was his Group's view that substantial progress in dealing with the persistent problems of development was an indispensable element in mitigating the economic problems facing the world. It believed that, since the problems of development and structural reform of international economic relations lay at the very centre of the current difficulties of the world economy, a call should have been made for a considerable strengthening of efforts to solve problems in the field of international trade and development rather than proposals for restraint.

9. His Group stressed that the budget should be discussed in the context of the programmes of work arising from the various resolutions and decisions adopted within UNCTAD. While supporting the need for maximum economy in the use of resources consistent with the programme of work, the Group regretted that efforts were being made in the Working Party to dilute mandates that had been freely negotiated and accepted in good faith. At a time when the developing countries - if not the world as a whole - were experiencing unprecedented economic difficulties, the appropriate response should be to strengthen rather than weaken the work of UNCTAD.

10. The Group of 77 noted with satisfaction the Secretary-General's efforts to make the most efficient use of available resources, inter alia through the redeployment of resources that had become available mainly as a result of the successful completion of some recent negotiations. In that connection, it could not but fully support the Secretary-General's intention to use the available resources in a flexible manner in order to meet new situations as they arose in the course of the biennium 1982-1983.

11. With regard to specific programmes, the Group had noted that the programme on the least developed countries as contained in document A/36/6 was of a provisional nature pending the outcome of the United Nations Conference on the Least Developed Countries to be held in September 1981. He hoped that a revision of the document based on the results of the Conference would reflect the importance attached to the programme within the international community and specifically by the Group.

12. While endorsing the programme for commodities suggested by the Secretary-General of UNCTAD, the Group failed to understand that resources made available for the launching of the Integrated Programme for Commodities (IPC) in 1976 were still considered in the 1982-1983 budget proposal as being of a temporary and non-recurrent nature. That would seem to contradict the relevant resolutions. In that connection, the Group fully supported the view that, since the IPC had now become a regular part of UNCTAD's work programme, those resources should be shown as regular resources.

13. The Group could not associate itself with any suggestions aimed at reducing the overall level of work under the IPC. It was particularly concerned about the views of some delegations regarding the resources to be utilized in implementing resolution 124 (V), section III, since it understood that at Manila all Governments had agreed to add a significant dimension to work under the IPC, especially in the fields of processing, marketing and distribution. It accepted the secretariat's explanation that those were relatively new fields which were technically complex and therefore required substantial inputs of staff and related resources.

14. The Group wished to reaffirm its unreserved support for the policy accepted since Manila to redeploy any resources that became available as a result of the completion of work on the Common Fund and on individual commodities to work on the areas covered by the resolution to which he had referred.

15. The Group noted with satisfaction the work being done by the UNCTAD secretariat on the debt problems of developing countries. It hoped that the Secretary-General would continue his activities in that area, as authorized by Trade and Development Board resolutions 165 (S-IX) and 222 (XXI). It was also the Group's hope that the secretariat would continue its consideration of international monetary issues in so far as they related to trade and development.

16. The Group attached great importance to work on the programme on manufactures, and in particular work on protectionism and structural adjustment - issues which lay at the centre of all international debates in the economic field. It could not associate itself with any suggestions from other Groups which, in effect, would result in the non-fulfilment of the mandates given to the secretariat in those areas.

17. The Group of 77 was appreciative of the work done so far by the UNCTAD secretariat to implement resolution 127 (V) and General Assembly resolution 35/195 on ECDC; it hoped that the secretariat would continue to support the efforts of the developing countries in that area.

18. The budget presented by the secretariat did not and could not cover the enormous amount of work which the secretariat was requested to carry out. It was therefore to be hoped that the Secretary-General would be fully supported in all his efforts to mobilize extra-budgetary resources for that purpose.

19. With regard to the Secretary-General's statement concerning marginal and obsolete activities, it would appear to be somewhat futile to identify such activities when the Secretary-General had not been able even to consider the inclusion of certain important areas in his recent programme proposals.

20. As to the functioning of the Working Party itself, he considered that the provision in the Board's resolution on rationalization (resolution 231 (XXII)) that main committees should in future review their respective programme of work might help the Working Party, when dealing with the programme budget, to concentrate more effectively on the main features of the budget and the main orientations of the programme.

21. Mr. DAS (India), speaking on behalf of the Asian Group, said it could not subscribe to the view that there should be a reduction in total resources for work on commodities in UNCTAD. That view implied a considerable slackening in the high level of activity and the intensive negotiating process on individual commodities. That had clearly not been the intention of Governments at the

Fifth Session of the Conference when they had adopted resolution 124 (V), which gave a new dimension to work on commodities in UNCTAD. Nor would such an attitude meet the urgent requirements of developing countries in a sector vital to their economic development or serve the interests of the international community.

22. The work on individual commodities and the efforts made in UNCTAD to establish viable and meaningful international commodity agreements had taken much longer than originally envisaged. It was indisputable that international co-operative action to reform the international commodity economy was still far from reality. Over the past five years, the international community had recognized the importance of the commodity issue as a major problem in the international economic field, and efforts had therefore been made to remedy the situation. UNCTAD had been provided with resources to lay the foundations for international co-operative action. It was essential to avoid adopting a position which would cause that groundwork, which sought to improve the situation in commodity markets for the mutual benefit of producers and consumers, to be eroded for want of resources in UNCTAD.

23. There was an intimate link between the establishment of the Common Fund and activities on individual commodities. It was reasonable to expect a more active and successful negotiating process during a period when the financial facilities of the Common Fund became available; the Group for which he spoke therefore strongly supported continuation of the existing level of resources for work on commodities in UNCTAD.

24. The Asian Group also fully supported enhanced efforts in other areas such as processing, marketing and distribution in order to achieve balanced progress on many dimensions of the commodity problem.

25. The Group welcomed the efforts made by the UNCTAD secretariat in organizing meetings and other related work on ECDC. Such co-operation was one of the main hallmarks of the new approach to the transformation of the world economic structure. He stressed the importance of such co-operation and hoped that the UNCTAD secretariat would be able to continue to support the efforts of the developing countries in that area.

26. Mr. OSEMENKHI (Nigeria), speaking on behalf of the African Group, said some of the remarks made in the Working Party suggested that attempts were being made to curtail UNCTAD's work in the field of commodities through budgetary reductions. The African Group could not support any attempts of that nature. It fully endorsed the approach referred to by the representatives of Iran and India, namely, that adequate resources should be made available to continue work on the Common Fund and expand work on the subjects covered by resolution 124(V), section III.

27. His Group would also like to stress the importance of the programme of work on individual commodities. Although it now appeared that there were difficulties in securing a consensus on price stabilization arrangements for certain commodities, efforts to find appropriate solutions should not be abandoned, and further efforts should be made to reach agreement on development measures which could be financed through the second account of the Common Fund. The African Group attached particular importance to that matter and felt that the areas covered by the second account, such as jute, hard fibres, tropical timber and oil seeds, should be expanded to cover as many other commodities as possible on the Nairobi list. In fact, UNCTAD had already committed itself to expand work in those areas under resolution 124(V), section III, C, which stated that studies should be undertaken on needs and costs

in the medium term in the fields of research and development, market promotion and horizontal diversification. In his Group's view, those studies should provide a basis for promoting international action under the IPC and more resources should be devoted to that activity as work on the Common Fund and other areas was completed.

28. The African Group also attached considerable importance to UNCTAD's work in the field of international food trade and hoped that the resources released from other activities would strengthen such work. The African Group firmly endorsed the IPC and could not support any proposals to cut the budget for the IPC, since any resources released from existing activities could be productively employed in servicing other priority subjects under the IPC. He hoped that his comments would be taken into account in the CPC when the UNCTAD budget was considered.

29. Mr. CERBASI (Venezuela), speaking on behalf of the Latin American Group, supported the statement made by the representative of the African Group and endorsed the comments made by the representative of the Asian Group, particularly with regard to ECDC and the attitude which Groups should adopt in the General Assembly and UNCTAD. He associated his Group with the general position expressed by the Chairman of the Group of 77, who was clearly opposed to any reduction in the level of activity, and therefore the budget, under the IPC. In Manila, all Groups had adopted resolution 124(V) on the assumption that UNCTAD would embark on a major new effort in the field of commodities, and in particular the establishment of an international framework for co-operation in the processing, marketing and distribution of commodities. Since the fifth session of the Conference, the Committee on Commodities had taken steps to implement a programme of work which would begin in November, when the Permanent Sub-Committee and subsequently the Committee on Commodities were to meet. As the secretariat had explained, a substantial number of staff and related budget resources would be needed for that work. If the objectives set in resolution 124(V) were to be met and more thorough studies were to be carried out in new sectors, the secretariat could not be denied the necessary resources or the flexibility required in order to administer those resources.

30. The Latin American Group attached considerable importance to ensuring that work on the Common Fund and individual commodities was sustained and that progress was made as fast as possible in other areas such as international food trade. In the interests of furthering international co-operation in the field of commodities, one of the few areas in which some modest though slow progress had been achieved by UNCTAD, he urged all Groups to fulfil the commitments entered into at Nairobi and Manila and to support continuation of the level of resources now devoted to the IPC.

31. Mr. ABBAS (Sudan), also speaking on behalf of the African Group, expressed support for the position of the Group of 77 regarding the programme for the least developed countries for the biennium 1982-1983. The African Group noted with regret that, despite the acute problems facing the least developed countries, there had been no growth in their programme during the past biennium. The future work programme on the least developed countries would depend upon the results of the United Nations Conference on the Least Developed Countries to be held in Paris in September 1981. The African Group strongly urged that the capacity of that programme should be increased, taking into account resolution 122(V), paragraph 40,

which called for additional resources to strengthen the programme for the least developed countries and for a separate division for the least developed countries within the secretariat. As the Secretary-General of the Paris Conference, the Secretary-General of UNCTAD would submit the financial implications of the decisions of the Conference to the General Assembly; the African Group requested him to ensure that the necessary financial and human resources should be made available for the least developed countries division. The African Group also requested him to consider the redeployment of additional resources within the secretariat to strengthen the least developed countries division and requested that all the main committees should consider how they could contribute to programmes for the least developed countries in the context of their activities. The concerns he had expressed should be fully reflected in the budget which was to be submitted to the General Assembly for adoption.

39. Mr. KOHL (German Democratic Republic), speaking on behalf of Group B, said that in line with its general support for UNCTAD activities, his Group attached great importance to the activities of the Working Party, and welcomed the zero growth concept proposed for the budget. It believed that a degree of flexibility was needed for the work programmes and that the main areas of work should be determined by the legislative mandate contained in General Assembly resolution 1995 (XIX). The Group had also referred to General Assembly resolution 35/209, which stressed the need to stabilize programme budgets and delete obsolete, marginally useful or ineffective elements from programmes, so as to ensure that available resources would be used in an effective manner. UNCTAD should adhere strictly to its mandate, bearing in mind the universal nature of work in the sphere of trade and related matters.

40. The Group had made a comprehensive and realistic assessment of the budget for 1982-1983, which would have to cover a number of important activities pursuant to the decisions adopted at the fifth session of the Conference and prepare for the sixth session. The workload of the UNCTAD secretariat would therefore be increased. Only if the decisions on the rationalization of work were implemented throughout the secretariat could strict discipline be maintained in keeping within the budget; that would avert unjustified increases and enable UNCTAD to keep to the proposed zero growth concept. For that reason his Group had consistently requested that the financial implications of resolutions and decisions should be taken into consideration. A critical analysis of programmes and programme elements must include strict observation of the principle of universality in the allocation of resources for UNCTAD's work.

41. A number of specific proposals on the various programmes had been made in the Working Party by representatives of Group B and he hoped that they would be taken into consideration in the preparation of the final budget for 1982-1983. The activities of the Working Party would be undermined if the major results of discussions were not accurately reflected in the programme budget. That point would be borne in mind in his Group's final assessments and statements in the Fifth Committee of the General Assembly and other United Nations bodies concerned with programme and budget matters. Lastly, in his Group's view, the activities of the Working Party were gaining in importance and therefore helped to increase the effectiveness and efficiency of UNCTAD's work. Group B would also contribute to that endeavour in the future.

35. Mr. HARRIS (United Kingdom), speaking on behalf of the delegations of Australia, Belgium, Canada, the Federal Republic of Germany, Italy, Japan, Spain, Switzerland and the United States of America, as well as his own delegation, said that in view of the importance of evaluation activities, he hoped that the UNCTAD secretariat would take the necessary initiatives to develop an internal evaluation system, as recommended in the recent report of the Joint Inspection Unit (JIU/REP/81/6), to strengthen UNCTAD's programme management and to enable its intergovernmental bodies more effectively to assess the results of its work programmes. Like the spokesmen for other Groups, he was convinced that the Working Party, as a subsidiary organ of the Board, would prove useful, not only in improving future decision-making in UNCTAD, but also in achieving efficient utilization of UNCTAD's resources.

36. Mr. LI (China) said that his delegation supported the adoption of the report of the Working Party and the budget. In the present international economic situation, even greater importance should be attached to UNCTAD's work and it should be given the necessary manpower and financial resources, within the United Nations system, to strengthen its activities. His delegation endorsed the priority areas referred to by the Secretary-General of UNCTAD in his introductory statement, namely commodity prices and earnings, the IPC, protection and structural adjustment, money and finance, ECDC, the transfer of technology, the generalized system of preferences and the programme for the least developed countries, all of which should be given proper attention in the work programme.

37. His delegation agreed that the Secretary-General of UNCTAD should be given greater flexibility in the management of financial resources. In view of the zero-growth concept for the UNCTAD budget, available manpower must be used rationally and effectively to ensure that work continued in priority areas.

38. The PRESIDENT said that he had listened with great interest to the statements on the medium-term plan and programme budget. There appeared to be general agreement that the Working Party had produced a very useful report and that the Board should reflect on the value of that aspect of UNCTAD machinery. He would like to feel assured that both the report of the Working Party and the comments made at the current meeting would be given full weight in further discussions of the programme budget in the CPC and the other bodies which would be considering it.

39. If there was no objection, he would take it that the Board wished to take note of the report of the Working Party on its third session and the programme budget for the biennium 1982-1983 and request the Secretary-General of UNCTAD to transmit the report, together with the comments made thereon, to the appropriate United Nations bodies for their consideration.

40. It was so decided.

DESIGNATION OF INTERGOVERNMENTAL BODIES FOR THE PURPOSES OF RULE 76 OF THE RULES OF PROCEDURE (agenda item 10 (c)) (TD/B/EX.2)

41. The PRESIDENT said that at the first part of its twenty-second session, the Board had been advised that the Secretary-General of UNCTAD had received a cable from the Secretary-General of the League of Arab States requesting observer status for the Arab Fund for Technical Assistance for African and Arab Countries. The Board had agreed, exceptionally, that if, after examination of the statutes of the Fund and supporting material, the Secretary-General of UNCTAD considered the application should be brought to the Board's attention, it would be put to the Board during the second part of its twenty-second session. The application of the Arab Fund was therefore before the Board in document TD/B/EX.2.

OTHER BUSINESS (item 11)

91. The PRESIDENT recalled that the provisions of the resolution on rationalization of work contained references to the planning of the sessions of the Board itself. Those provisions would be taken into account in preparing for the next session of the Board. In that connection, he felt it might be appropriate if he were to consult the members of the Board at an appropriate time. If that seemed desirable, he would find a way to arrange informal consultations for that purpose. If there was no objection, he would take it that the Board agreed to that procedure.

92. It was so decided.

ADOPTION OF THE REPORT OF THE BOARD TO THE GENERAL ASSEMBLY (item 12)

93. The PRESIDENT said that, as the Board would realize, it had not been possible, in the time available, for the Rapporteur to prepare a draft report on the second part of the twenty-second session. It therefore suggested that, as in the past, the Board should note that the report on the session would form part of its annual report to the General Assembly. The Board might also wish to authorize the Rapporteur to prepare the report after the session of the meeting, for submission to the General Assembly.

94. It was so decided.

95. The PRESIDENT declared the twenty-second part of the Board closed.

The meeting rose at 1.00 p.m.